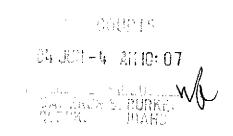
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Attorney for C. Barry Zimmerman, Chapter 7 Trustee



## UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF IDAHO

IN RE:

FRANK L. CHAPIN and SYDNEY L. GUTIERREZ-CHAPIN,

Debtors.

CASE NO. 02-20218

TRUSTEE'S OBJECTION TO AMENDED MOTIONS TO STAY SALES OF BANKRUPTCY ESTATE ASSETS; MOTION FOR SANCTIONS AND ATTORNEYS' FEES

COMES NOW, C. Barry Zimmerman, Trustee, and objects to Debtors' Amended Motions to Stay the Sales of Bankruptcy Estate Assets and moves for sanctions and attorneys' fees. This objection and motion is made on the grounds that there is no legal authority for Debtors' objection. The Debtors' Objection is frivolous and has no basis in law or fact. In addition, Trustee objects as follows:

1. 11 U.S.C. §704 states: "The Trustee shall (1) collect and reduce to money the property of the estate for which such Trustee serves. . . ." (Emphasis added.) One of the functions of the Trustee is to fulfill his legal duty of liquidating the Estate.

- 2. Any residual interest of Debtors is protected under 11 U.S.C. §726(a)(6). Debtors imply that the Estate is solvent. The 31 claims filed are presumptively valid on their face. The face amount of the 31 claims is in excess of \$8,000,000.00. The Internal Revenue Service filed a priority claim in the amount of \$443,262.59. Idaho State Tax Commission filed an unsecured priority claim in the amount of \$11,085.44. Debtors' suggestion that asset sales be stayed because of Debtors' claimed residuary interest is meritless and unsupported by a factual showing.
- 3. The argument that the bankruptcy Trustee has collected funds to pay the majority of outstanding debt has no basis. The real estate being sold was Debtors' community property.

  Under 11 U.S.C. §541, it is property of the Estate. Debtors' debts were incurred in the course of their business and are presumptively community debt.
- 4. Debtors are requesting the court enter an order staying asset sales by the Trustee. Debtors' objections request a stay as relief. Debtors argue no independent sale objection, such as inadequacy of price. Debtors are asking the Court to issue an injunction under Bankruptcy Rule 7065. Debtors have failed to file an adversary proceeding. Debtors have failed to file an affidavit showing specific facts that immediate and irreparable injury, loss or damage will result. Debtors have failed to cite any legal authority or file a factual affidavit to substantiate a finding by the Court that Debtors have a reasonable likelihood of prevailing.
- 5. Debtors' Motions are unsupported by affidavit or verified factual statement and as such are without basis in fact. Their legal argument is frivolous. Their contention that Debtors will be irreparably harmed is likewise without support or merit. Debtors' continual and repetitious pro se motions objecting to administration of the Estate are unfounded. The motions

require a response. Since the pleadings are without basis in law or fact, the Court should grant the Trustee's motion for an award of attorneys' fees as a sanction against Debtors.

Dated this 4th day of June, 2004.

H. JAMES MAGNUSON Attorney for Defendants

## **CERTIFICATE OF MAILING**

I hereby certify that a true and correct copy of the foregoing was mailed by first-class prepaid mail on the 4th day of June, 2004, to:

U. S. Trustee Office 304 N. 8th Street, Room 347 Boise, ID 83702

Stephen B. McCrca P. O. Box 1501 Coeur d'Alene, ID 83816-1501 Frank L. Chapin Sydney L. Gutierrez-Chapin 319 Church Street Sandpoint, ID 83864

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